



Iowa Department of Human Services

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INFORMATIONAL LETTER NO. 1252

DATE: June 19, 2013

TO: Iowa Medicaid Home and Community Based Services (HCBS) Waiver Providers and Habilitation Service Providers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Annual Year-End Cost Reporting of HCBS Waiver and Habilitation Service Transportation Costs

The IME has identified inconsistencies in how transportation costs are reported on Schedule D of the HCBS Waiver and Habilitation Service *annual year-end cost reports*. The purpose of this informational letter is to clarify how transportation costs should be reported on the annual year-end cost reports.

Definition of Transportation Costs

Transportation costs may include the following:

- Mileage reimbursement paid to staff (limited to State employee rate currently at \$0.39 per mile)
- Agency-owned vehicle expense
- Agency-leased vehicle expense
- Public transportation including, but not limited to, bus fares, taxi fares, and carpool

Assignment of Cost on Schedule D

Total costs from the General Ledger Trial Balance should be reported in the first column on Schedule D. The first column is titled "Total Expense" for the HCBS Waiver cost report, and "Gross Total" for the Habilitation cost report. Costs reported on the annual year-end cost report should be actual year-end costs. It is not appropriate to use cost estimates.

Cost that is directly assignable to a specific HCBS or Habilitation member, service, or site should be reported in the Direct Cost Columns for the applicable service code or site of the respective program's cost report. Cost that is directly assignable to another program should be reported in the Other Programs Column. Cost that is allowable and applicable to all functions of the entity should be reported in the Indirect Cost Column. A reasonable method must be used to assign any shared direct cost to the applicable column.

The number of miles driven is an example of a reasonable method for transportation costs. If miles driven are used to assign costs, then mileage logs must be maintained to support the assignment of cost.

The IME recommends that mileage logs include the following:

- The purpose of the trip
- Number of miles driven
- The names of the employee(s) and member(s) transported in the vehicle
- The applicable service for each member (e.g. ID-Day Hab, BI-SCL, Habilitation Supported Employment, etc.)

Mileage logs must be sufficiently detailed in order to allocate miles driven, as well as the related cost, among multiple members and/or travel purposes.

Line 3210 – Mileage or Auto Rental

The transportation cost on line 3210 may include lease payments, short-term vehicle rental expense, and reimbursement for business use of an employee's personal vehicle where the member is **not** present in the vehicle.

Reimbursement for business use of an employee's vehicle is limited to the state employee mileage rate, which is currently \$0.39 per mile. The state mileage rate is posted online at http://das.sae.iowa.gov/travel_relocation/in_state_travel.html. If an agency reimburses employees at a rate that is greater than the state employee mileage rate, total reimbursement expense as reported on the General Ledger should be reported in the Total Expense or Gross Total column. Any expense incurred above the limit should be reported in the Non-Reimbursable or Excluded Costs column. The remaining amount should then be assigned as appropriate to the applicable service/site, Other Programs, or Indirect expense column on Schedule D.

Example: Exclusion of Excess Mileage Expense Using the Habilitation Services Schedule D Format

		Total Employee Mileage @ \$0.50/mile	Allowable Employee Mileage @ \$0.39/Mile					
Total Miles								
1,000		\$500	\$390					
No.	Account Title	Total Expense	Revenue Adjust	Excluded Costs	Adjusted Costs	W1208	Other Program Costs	Indirect Service Costs
3210	Mileage & Auto Lease	\$500	\$0	\$110	\$390	\$100	\$75	\$215

*Employees use their own vehicles for transportation associated with a specific member or service when the member is **not** present in the vehicle and are reimbursed by their employer at \$0.50 per mile.*

Line 3250 – Agency Vehicle Expense

The transportation cost on line 3250 may include maintenance, registration, parking, fuel, etc. for agency-owned vehicles when the member is **not** present in the vehicle.

Line 3290 – Other Related Transportation

All transportation costs incurred by transporting members for service plan-related services or activities are to be reported on line 3290. Costs on line 3290 may include, but are not limited to, mileage paid to employees for business use of a personal vehicle, agency vehicle expense, or costs associated with public transportation. Member transportation for purposes not identified in the service plan is not reimbursable through the HCBS Waiver and Habilitation Service programs and the expense for these other purposes should be reported in the Other Programs column.

Transportation cost reported on line 3290 for Supported Community Living (SCL) and Home-Based Habilitation, along with non-transportation member support expense reported on lines 3520 and 4320, are subject to the per member annual limit of \$1,570. These expenses are limited to \$1,500 for Family & Community Support services under the Children's Mental Health Waiver. An additional informational letter will be forthcoming from the Department concerning costs subject to these limitations.

Reclassification of Transportation Costs

Transportation costs associated with transporting members may require reclassification of the expense to line 3290 using the Non-Reimbursable or Excluded cost columns. Transportation costs for members may be reclassified from other various lines including, but not limited to, 3210, 3250, 3280, 4310, and 4410.

If the General Ledger Trial Balance already has been established to account for the proper reporting of member transportation costs on line 3290 in the Total Expense or Gross Total column, then reclassification of costs will not be necessary.

Example: Reclassification of Agency Vehicle Expenses to Line 3290 Using the HCBS Waiver Schedule D Format					
No.	Account Title	Total Expense	Fund Raising Costs	Other Non- Reimbursable Costs	Adjusted Costs
3210	Mileage & Auto Lease	\$15,210	\$0	\$3,803	\$11,407
3250	Agency Vehicle Expense	\$6,000	\$0	\$3,000	\$3,000
3280	Automobile Insurance	\$600	\$0	\$300	\$300
3290	Other Related Transportation	\$0	\$0	(\$9,778)	\$9,778
4310	Agency Vehicle Repair	\$350	\$0	\$175	\$175
4410	Agency Vehicle Depreciation	\$5,000	\$0	\$2,500	\$2,500
<i>Per mileage logs, 25 percent of the miles driven using employee vehicles and 50 percent of miles driven using agency vehicles were for the transportation of members for service plan services and activities. Therefore, 25 percent of related costs in line 3210 and 50 percent of the agency vehicle expenses for a combined total of \$9,778 is reclassified in the Other Non-Reimbursable Costs column to line 3290 from lines 3210, 3250, 3280, 4310 and 4410.</i>					

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at (515) 256-4610 or (866) 863-8610, or via email at costaudit@dhs.state.ia.us.